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## INTELLIGENCE PRODUCERS COUNCIL

21 DEC 1984

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: Chairman, Intelligence Producers Council

SUBJECT: Status of Production Enhancement Initiatives  
Program for FY 1986-87

1. Action Requested: None. This memorandum describes the changes in the PEI program beginning in FY 1986.

2. Background: The administration of the PEI program from its inception has been tied to the annual budget process. This constraint has resulted in several deficiencies (as pointed to initially by [ ] several months ago). Among these deficiencies are the need to evaluate a large number of proposals in a short period -- thus preventing the upgrading of promising proposals, and a delay of a year or more before approved projects are actually funded. Creativity and spontaneity are consequently stifled, and best use is not made of the available funds. Your memorandum of 1 November 1984 to Director, IC Staff (Attachment A) addressed changes to the PEI program to alleviate these deficiencies.

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3. Staff Position: The IC Staff and the IPC have together taken steps to make the PEI process more responsive to your guidance and to new ideas from the intelligence producers. Included are quick (less than three months) review, approval and funding; fenced funds each fiscal year for new PEIs, and a second-year funding wedge for ongoing PEIs. FY 1986 is the first year that the changes will be in effect. Details are still being developed, but it is clear that three major issues will be addressed: administration, funding, and proposal selection. The following summarizes these issues:

- a. Administration: The IPC will administer and manage the PEI program.
- b. Funding: For the FY 86 budget year (a year of transition to the new process), the Intelligence Community Staff will earmark/fence \$3 million specifically for the PEI program. A maximum of \$1.5 million will be committed to PEI proposals that have already been submitted (see Attachments B and C). The remaining funds (at least \$1.5 million) will be applied against the most deserving new proposals submitted after the start of FY 86. For FY 87 and

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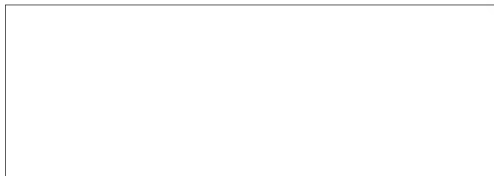
thereafter PEI funds will be dispersed for proposals submitted after the start of the fiscal year. Normally each PEI will run for two years, with a second year funding wedge placed in the budget for this purpose.

- c. PEI Proposal Selection: For FY 86, the IPC will work with project sponsors to "upgrade" promising special interest topics (i.e., narcotics, terrorism, technology transfer) from the 37 topics on the not-recommended list (Attachment B). These upgraded topics will be re-ranked with the five on the approved list (Attachment C). A maximum of \$1.5 million of the \$3 million fenced funds will be committed for these topics. New proposals surfaced after the start of FY 86 will be screened and funded (from the reserved \$1.5 million) on their own merits. The IPC will advertise the availability of the reserved funds for new initiatives by using printed posters, announcements, etc. For FY 87, all proposals will be considered as they are surfaced and, if approved, funded immediately.



Richard J. Kerr

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Central Intelligence Agency



Washington, D.C. 20505

Executive Registry

84 - 9673/1

1 November 1984

MEMORANDUM FOR:

Director, Intelligence Community Staff

FROM

: Director of Central Intelligence

SUBJECT

: [redacted] Follow-up on In Search  
of Excellence

REFERENCE

: Your Memorandum, dtd 18 Sept 84, Same Subject

1. Thank you for your thoughts on [redacted] ideas about streamlining the Production Enhancement program. Based on your comments and those of others, here is what I'd like to do. First, I support the Production Enhancement program. I would like it to be administered by the IPC. I would like to "fence" on the order of \$2 million in the 1986 budget to be applied to innovative production enhancement initiatives in the least bureaucratic and most straightforward way possible. The idea would be to make no decision on the allocation of these funds until we get to 1986, then to use the IPC to vet the various proposals. I also think we should continue to look at the ideas that come out of the current program call and see whether any of them merit our support in the FY 1986 NFIP submission. I would like the IPC to publicize the availability of flexible funds which can be allocated to worthy projects, assuming that we get through next year's budgetary hurdles, and be able to make decisions with a minimum of red tape.

2. With respect to the Exceptional Intelligence Analyst program, I accept your point that it is a program for the development of individual analysts and that a competitive annual selection process is fully appropriate. But I am also most anxious to assure that shorter term, less ambitious proposals with potential for developing our analysts are given an equal opportunity to compete. It seems to me there are lots of ways we can use this program to improve the skills and capabilities of our analysts in shorter time periods. I have signed the memorandum to the NFIB principals to get this underway and I would like you to circulate specific implementing instructions to convey my sense of how this program should be run.

*William J. Casey*  
William J. Casey

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*Link - we need some advertising printed posters, etc. (for agency)*

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